ROYAL BANK OF CANADA
FOURTH QUARTER AND FULL YEAR 2007 RESULTS CONFERENCE CALL
FRIDAY NOVEMBER 30, 2007

DISCLAIMER

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in these speakers' notes, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements include, but are not limited to, statements relating to our medium-term and 2008 objectives, our strategic goals and priorities and the economic and business outlook for us, for each of our business segments and for the Canadian, United States and international economies. Forward-looking statements are typically identified by words such as "believe", "expect", "forecast", "anticipate", "intend", "estimate", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could", or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our objectives, strategic goals and priorities will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include credit, market, operational, liquidity and funding risks, and other risks discussed in our 2007 management's discussion and analysis; general business and economic conditions in Canada, the

United States and other countries in which we conduct business, including the impact from the continuing volatility in the U.S. subprime and related markets and lack of liquidity in various of the financial markets; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar, British pound and Euro; the effects of changes in government monetary and other policies; the effects of competition in the markets in which we operate; the impact of changes in laws and regulations; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; our ability to successfully execute our strategies and to complete and integrate strategic acquisitions and joint ventures successfully; changes in accounting standards, policies and estimates, including changes in our estimates of provisions and allowances; and our ability to attract and retain key employees and executives.

We caution that the foregoing list of important factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found under the Risk management section and the Additional risks that may affect future results section of our 2007 management's discussion and analysis.

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GORDON M. NIXON, PRESIDENT & CEO

I am pleased to report that RBC had record financial results in 2007, with earnings of almost $5.5 billion, up 16% from 2006. This performance reflects our leadership in our core Canadian businesses and growth in our non-domestic operations.

In a year marked by some challenges in the financial markets, all of our businesses performed extremely well.

Canadian Banking and Wealth Management continue to underpin our franchise, delivering record earnings for the year. We are on a strong path for the future. We have invested heavily in our Canadian Banking platform and should begin reaping the benefits of our investments in the upcoming year. We expect to see Canadian Banking's revenue growth accelerate, as expense growth slows.

Wealth Management delivered outstanding earnings growth of 26%, driven by our leadership in Canada. We are also seeing results from our target investments outside of Canada.

Our U.S. and International Banking businesses continue to evolve and grow, and RBC Dexia delivered record revenues for the year. This segment had great results when you isolate the effect of the U.S. housing environment on our U.S. residential builder finance business, which we will talk about in a minute.

We also had good results in Capital Markets, with broad based revenue generation across most businesses. Capital Markets earnings were at record levels if you exclude the 160 million dollar after-tax write down that was announced earlier in the quarter.

Our solid performance reflects the diversity of our businesses across geographies and products and our strong risk management practices. I am certainly pleased with how we managed the business in 2007. We succeeded in delivering solid returns to our shareholders, while investing for future growth in all of our business segments.

I'll briefly comment on our U.S. subprime exposures and a few topical areas. We do not originate U.S. subprime and our net exposure to it is minimal. We have $216 million of net exposure to U.S. subprime CDOs of ABS. We also have $388 million of exposure to U.S. subprime RMBS, which is classified as available-for-sale and which we intend to hold until maturity. Combined, these amounts represent less than 0.1% of RBC's total assets.

In addition, we have *de minimus* dealings with structured investment vehicles and Canadian non-bank sponsored ABCP with general market disruption facilities. We are not, and have never been, a significant distributor or liquidity provider for these products. Our exposure to hedge funds is modest, and our underwriting commitments to pre-correction LBOs are minimal.

In aggregate, these amounts are very manageable and we have provided further detail in our Annual Report. Morten will elaborate on these and other areas following my remarks.

Turning to our 2007 performance, the table on slide 5 shows our 2007 performance compared to our financial objectives. Our diluted EPS growth of 17%, ROE of 24.6% and dividend payout ratio of 43% compared favourably to our stated annual objectives and were due primarily to strong performance across our Canadian Banking and global Wealth Management businesses.

We returned capital to our shareholders through dividends, which we increased twice this year – for a total increase of 26%. And we repurchased 11.8 million shares. Our capital position remained strong, with a Tier 1 capital ratio of 9.4% which is comfortably above our target. Our defined operating leverage was below our annual objective, reflecting higher costs supporting our growing businesses and investments in future growth initiatives, including acquisitions.

On slide 6 you'll see that our total shareholder return was 16% for the year ended October 31. Our three year returns were 25%, five-year returns were 19% and over a ten-year period, we delivered total shareholder return of 15%. Relative to our peer group, we delivered top quartile shareholder returns over the past three and ten years and second quartile returns over the past five years.

Our results were made possible by our clear focus on our three strategic goals outlined on slide 7. They are:

- To be the undisputed leader in financial services in Canada
- To build on our strengths in banking, wealth management and capital markets in the United States
- And, to be a premier provider of selected global financial services.

We made great strides in 2007 toward achieving these long-term goals. Let me give you some highlights.

In Canada, our retail businesses demonstrated leadership throughout the year, setting an excellent foundation for future growth. This past year we generated profitable revenue growth and positive operating leverage in our Canadian banking-related operations, while investing in client-facing staff and branches. We also introduced a new suite of personal deposit products.

We grew Canadian banking-related lending volumes by 11% and deposit balances by 6% over 2006, and we were recognized by Synovate as the best among our largest domestic competitors for the service and value we provide to our customers in our branches. In Canadian Wealth Management, we increased assets under administration by 9% over 2006. In Global Asset Management we grew assets under management by 13% over 2006 and maintained our lead in net sales of long-term funds in Canada for 16 consecutive quarters. Our broad-based capital markets businesses led in most elements of the Canadian market and we continued to differentiate ourselves from our Canadian peers by leveraging our global capabilities.

Turning to our second goal, our progress in the U.S. continues. In 2007, we made significant steps toward our goal of becoming the preeminent bank for businesses, business owners and professionals within our footprint. We grew loans and deposits in our U.S. banking operations in 2007 and I am encouraged by the work we have done to build a foundation for future growth, especially in the face of today's demanding market conditions. We grew our branch network by 24% over last year through acquisitions and *de novo* branches, and invested in our technology platform to support our expanding network.

While our U.S. banking business is managing through the effects of the recent downturn in the U.S. real estate market, particularly our builder finance business, we are confident in it and Morten will elaborate on this in his remarks. We certainly remain committed to our long-term strategy of building a strong retail banking operation in the U.S. Southeast. Our pending acquisition of Alabama National BanCorporation is evidence of our commitment and will extend our branch network by one-third in key states. Alabama National fits extremely well with our existing footprint. We will have over 450 branches following the acquisition, providing us with a solid platform in our priority region.

In U.S. Wealth Management, we continued to build scale by attracting new financial consultants and increasing their productivity. We also acquired J.B. Hanauer, which expanded our wealth management presence in high-growth markets in New Jersey, Florida and Pennsylvania.

In our U.S. Capital Markets business, we continued to leverage our bulge bracket position in Canada to provide expertise and product breadth to companies in the U.S. mid market. In 2007, three acquisitions helped us expand our client base and enhance our capabilities in cash equities, municipal finance and U.S. mergers and acquisitions.

Turning to our third goal, the most notable development was the announcement of our intention to acquire RBTT Financial Group. This is a perfect complement to our current footprint in the Caribbean and will create one of the most extensive banking networks in this very good region. Also, our core strength in international trust services in Wealth Management is helping to drive our success as a top 20 global private bank, and we continued to expand our presence by opening offices in several international cities. Finally, we continued to build on our global capital markets strength by focusing on select areas where we have competitive strength, including fixed income, infrastructure, mining and energy. Overall, I am very pleased with our achievements in 2007 and we are looking to 2008 from a position of strength.

Looking ahead, slide 8 outlines our annual performance objectives for 2008. These are based on our three strategic goals and our economic outlook for next year, and are defined by measures that we believe will generate strong returns for our shareholders.

Our economic outlook is detailed in our Annual Report. Generally speaking, we anticipate a slower economic environment next year and expect that financial market volatility will persist into early 2008 as lenders and investors remain cautious given the slowdown in the U.S. housing market.

Our 2008 objectives for ROE, defined operating leverage, Tier 1 capital and dividend payout ratios are unchanged, reflecting our continued commitment to strong revenue growth and cost containment, as well as sound and effective management of capital resources. In addition, our objective is to grow diluted EPS by 7% to 10%. Our objectives factor in the effect of our pending acquisitions of Alabama National and RBTT. We intend to fund these partly through common shares and expect to incur related upfront costs. We expect Alabama National to close in early-2008 and RBTT to close in the middle of the year. We expect our provision for credit loss ratio to trend upward toward historical averages, in line with our view of the overall credit environment.

While we look ahead with some caution, given the economic environment and the current market volatility uncertainly, we nevertheless have confidence in the capabilities of the organization, our management team and our people to deliver on our 2008 objectives and our commit to generate top-quartile total shareholder returns over the medium term. With that, I will turn it over to Morten.

MORTEN FRIIS, CHIEF RISK OFFICER

Thanks Gord. I will start with a review of key areas of investor focus, and then will provide an update on our credit portfolio.

In October, the credit markets deteriorated dramatically after rating agencies downgraded a broad group of U.S.-based subprime residential mortgage backed securities and collateralized debt obligations of asset-backed securities.

Following these events, we recognized losses in our Capital Markets segment of $357 million pre-tax (or $160 million after-tax and compensation adjustments). This charge consisted of two components: (1) write downs on the fair value of direct holdings of U.S. subprime RMBS and CDOs of ABS, and (2) write downs on the fair value of related credit default swaps.

Our Capital Markets holdings of RMBS and CDOs of ABS arose primarily in relation to our role in structuring CDOs of ABS and are classified as held-for-trading, with unrealized changes in fair value reflected in Non-interest income. Our other holdings are RMBS and are classified as available-for-sale and unrealized changes in fair value are generally reflected in Other comprehensive income, and are reflected in Non-interest income only if management determines that it is appropriate that the value be written down.

Slide 10 outlines U.S. subprime exposure and other areas of recent investor focus. As at October 31, 2007, Capital Markets had $216 million of net exposure to U.S. subprime CDOs of ABS, after taking into consideration protection provided by credit default swaps. We have credit default swaps with counterparties rated less than AAA by S&P and less than Aaa by Moody's providing protection of $240 million, recorded at their fair market value of $104 million. Other credit default swaps provide an additional $1 billion of protection against our gross exposure and are either collateralized or with counterparties rated AAA by S&P and Aaa by Moody's.

Capital Markets had no net exposure to U.S. subprime RMBS after taking into account credit default swaps that provide $1.1 billion of protection and are either collateralized or with counterparties rated AAA by S&P and Aaa by Moody's.

Finally, we had $388 million of exposure to U.S. subprime RMBS recorded as available-for-sale, which we intend to hold until maturity.

Looking at Canadian non-bank sponsored asset-backed commercial paper where liquidity is contingent on a general market disruption, our participation in this market is nominal. As at the end of October we had $4 million of direct holdings. We are not a significant distributor or a liquidity provider in this market, and we do not have any Canadian non-bank ABCP in our money market funds.

With respect to structured investment vehicles, or SIVs, we do not manage any and, at the end of October, we had $1 million of direct holdings, $140 million of committed liquidity facilities and $88 million of normal course interest rate derivatives. Our liquidity facilities remained undrawn at October 31, 2007 and we do not consider any of our positions to be impaired.

Turning to leveraged buy out loan underwriting commitments, at the end of Q4, we had $1 billion in pre-correction underwritings, meaning they were structured and priced before the credit environment changed in the summer. No single commitment is over $250 million. We continue to sell these down and overall we are optimistic in our ability to place our outstanding commitments at appropriate prices.

Our exposure to hedge funds is minimal, predominantly collateralized, and not concentrated in specific funds or strategies. We conduct regular extensive due diligence on our hedge fund counterparties and have prudent limits on our exposure to individual names and the sector as a whole.

In order to alleviate any concern investors may have about Alt-A exposure in RBC Centura, we have only $100 million that could be classified as Alt-A in our residential first and home equity portfolios of $4.2 billion.

Looking at slide 11, trading losses at the end of October reflect the write downs in Capital Markets that I described earlier, resulting in one day of net trading loss that exceeded the daily global VaR. The volatility in daily trading revenue in Q4 reflected difficult market conditions in both interest rate and credit-related products.

Overall, we remained well within our VaR and stress limits. The outcomes from a risk and P&L perspective during the quarter were consistent with our risk measures.

The volatility also created opportunities and we experienced several days of significant trading gains across different businesses. Our trading businesses are well diversified across asset classes and geography, which is helpful in managing through demanding markets.

Moving on to credit on slide 12, the overall quality of our loan portfolio remained steady for most of 2007. We remain well within an acceptable range for loss rates, although we did see credit quality weaken in certain areas.

In our U.S. & International Banking wholesale portfolio, the U.S. residential builder finance business was impacted by the housing environment. Higher impaired loans, particularly in California and Georgia, largely contributed to the increase in PCLs in the segment. The increase in PCL is reflective of us taking steps early on to address the credit environment.

We believe we are well equipped to manage through this environment. Our builder finance clients are reputable and well established, and the duration in the portfolio is relatively short. Over the last 12 to 18 months, we actively reduced our business production in some of the less favourable markets across the U.S. Also, to give some perspective, this portfolio is small in the context of RBC, representing approximately 1% of our total loan portfolio.

I will make a few comments about our pending acquisition, Alabama National BanCorporation. We performed stringent due diligence on ANB's loan portfolio and continue to monitor it actively. We cannot publicly disclose the size of ANB's residential builder finance portfolio since this information was provided to us confidentially as part of our due diligence process. However, ANB has publicly disclosed that they have US$2 billion in "construction, land development and other land loans" and their residential builder finance loans are part of this portfolio. The remaining 60% of their loan portfolio consist primarily of mortgages, home equity lines, commercial real estate, and commercial and industrial loans. ANB has a very strong credit culture, with excellent risk management and loan underwriting practices. They do virtually no unsecured lending and their historical charge-offs are well below their peers. We are comfortable with the quality of their portfolio.

In the Canadian wholesale portfolio, we have no major sector specific concerns and there are no major negative trends as credit quality remains well within acceptable levels. Overall the credit quality of the RBC retail portfolio remains in an acceptable range and relatively stable. On slide 13 you will see total provision for credit losses increased compared to the prior year and over Q3. In retail loans the increase in specific provision for credit losses, compared to the prior year, was primarily attributable to higher credit card provisions which are tracking to the levels we expected. Volume growth also contributed to the increase in specific provisions in retail loans. The corporate loan portfolio continues to perform well with no significant negative trends, and continues to have net recoveries.

In summary, our loan portfolio is stable, with stresses confined to specific areas. Going forward into 2008 we expect overall loan portfolio loss rates to trend higher towards historical averages largely because of increases in the areas referenced today.

At this point, I'll turn the call over to Janice Fukakusa.

JANICE FUKAKUSA, CHIEF FINANCIAL OFFICER

Thanks Morten. Slide 15 provides an overview of our quarterly performance. Net income was up 5% from last year, largely driven by strong performance in Canadian Banking and global Wealth Management.

Our results were affected by three items that we announced in mid-November. Morten addressed the write downs and I will explain the other two items when I review the Canadian Banking segment.

Appreciation of the Canadian dollar against the U.S. dollar reduced our earnings in the quarter by 4% over last year and 2% over last quarter.

Non-interest expense rose 5% from a year ago because of higher costs supporting business initiatives. We grew our client-facing staff, made acquisitions and added branches. Expenses were down slightly from Q3 reflecting lower variable compensation in Capital Markets and a moderating pace of investment in our businesses.

Turning to slide 16, our Tier 1 capital ratio this quarter was 9.4%, which is comfortably above our objective.

I'd like to add that our access to liquidity has not been impacted by the market conditions this quarter. We are a regular issuer in a variety of markets globally and this quarter we continued to have access to both short and long-term funding.

I'll now review the quarterly performance of our four business segments.

Starting with Canadian Banking on slide 18, this quarter we recorded a gain of $326 million pre-tax ($269 million after-tax) from the exchange of our membership interest in Visa Canada Association for shares of Visa Inc. We also recorded a charge against revenue of $121 million pre-tax ($79 million after-tax) for an increase in our credit card customer loyalty reward program liability. The adjustment to our loyalty reward liability reflects higher redemption rate assumptions consistent with our strategy of encouraging clients to more fully use the RBC Reward points they accumulate by providing them with a broader range of redemption options. We expect no significant change in our run-rate costs.

Canadian Banking-related net income was up 40% over last year and 34% over the third quarter. Excluding the Visa gain and adjustment to our loyalty reward liability, net income grew 7% and 2% from last year and last quarter, respectively. We had strong volume growth, particularly in residential mortgages and personal deposits. Offsets included a higher provision for credit losses which Morten discussed.

Compared to last year, expenses were higher, reflecting the significant reinvestments we have made over the year. Our pace of investment has moderated from the third quarter and resulted in our NIE being flat from Q3.

On slide 19 you will see that we experienced some margin compression compared to the previous year and previous quarter. This reflected two factors: (1) ongoing changes in product mix as we continue to have higher growth in lower yielding products such as home equity lending; and (2) narrower spreads on prime based lending products in the quarter resulting from dislocation in the credit markets. It's worth noting that, with our significant volume growth, we grew our net interest income by 7% over last year.

Turning to Global Insurance on slide 21, we had solid results this quarter. Business growth was offset by claims experience, which was less favourable than a year ago. Our insurance net income was consistent with the third quarter.

Slide 22 shows Wealth Management, which grew earnings 10% from a year ago and 2% from last quarter. Appreciation of the Canadian dollar against the U.S. dollar reduced earnings by 4% compared to last year and 2% compared to last quarter. Strong performance across all our business lines contributed to the increase in revenue over last year, reflecting growth in fee-based client assets, the inclusion of J.B. Hanauer, and loan and deposit growth in our international wealth management business. Our earnings are up 26% over last year and since 2006, we have increased the proportion of fee-based revenues to total revenues from 50% to 53%.

Non-interest expense grew from last year on higher variable compensation commensurate with higher commission-based revenue, costs related to J.B. Hanauer, and investments for future growth. These include adding investment advisors and other client-facing professionals, and opening international offices.

Moving on to U.S. & International Banking on slide 24, earnings decreased over last year and last quarter primarily reflecting the deterioration in the U.S. housing market, which accelerated in the fourth quarter. Revenue in our Banking businesses increased for the year on loan and deposit growth from both acquisitions and organic growth. Revenue decreased over the third quarter as growth was offset by the reversal of accrued interest on impaired loans, early redemption of trust preferred debt and the strengthening of the Canadian dollar against the U.S. dollar.

You will see that U.S&I net interest margin decreased by 15 basis points from the third quarter. This is because of two items I just mentioned. Early redemption of trust preferred debt reduced NIM by 9 basis points, and the reversal of accrued interest related to loans that were classified as impaired reduced NIM by a further 6 basis points. The impact of the early redemptions is shorter term and we will get the benefit going forward.

RBC Dexia IS revenue was up 20% from last year due to a growing client base and higher transactional business. Revenue declined over last quarter because of seasonally higher results in the third quarter.

Non-interest expense was up over the prior year, reflecting investments in U.S. Banking, including adding 56 branches through acquisitions and opening 10 de novo branches. Business growth in both Banking and RBC Dexia IS also contributed to higher expenses. Compared to last quarter, non-interest expense was down due to the favorable impact of the stronger Canadian dollar on U.S. dollar denominated expenses, and lower expenses in RBC Dexia reflecting seasonally lower business activity.

Turning to Capital Markets on slide 26 as Morten explained, we recorded a charge of $160 million after-tax which reduced our net income. Also, appreciation of the Canadian dollar against the U.S dollar and British pound reduced earnings by $28 million from last year and $19 million from the third quarter. As a result of these two factors, revenue and net income were down over last year and last quarter.

The strength of our diversified portfolio helped mitigate the impact of these factors. Many businesses performed well in the quarter, including equity derivatives and foreign exchange trading, M&A and our daily cash equities business.

Non-interest expense decreased over last year and the third quarter, largely due to lower variable compensation.

On slide 28 you'll see a breakdown of RBC's total trading revenue. Compared to last year and last quarter, interest rate and credit revenues were down due to the valuation charge. Equity derivative, foreign exchange and commodity trading results were up over last year and last quarter on the expansion of certain equity trading strategies that benefited from the higher market volatility.

At this point, I'll turn the call over to the operator to begin questions and answers.